

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – SEPTEMBER 15, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator. Guests: Al Picconi, United Beverages, Inc; Brian Law and Michael Goclowski, Law Warehouses.

EXCUSED: Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending September 12, 2004 shows retail sales were up a little over 2%, on-premise sales were up around .6%, off-premise sales were down -13.2%, and total aggregate sales were down -.83%. The traffic count also decreased by 1,291; however, the average sales ticket was up by \$.86.

The W-1 Total Weekly Sales Report for the same week confirms total sales for the weekly comparison decreased by -.83% or (\$56,318), but increased for the year by 7.4% or \$6,098,841. Wine sales for the week were also down by -3% or (\$92,765), but were up 9.1% or \$3,243,435 for the year. Sales of spirits were up .98% or \$36,447 for the week, as they were year-to-date by 6.1% or \$2,855,406.

B. Budget/Administrative Reports:

The latest depletions and post-offs report for the week ending 9/7/04 shows there are currently two brokers with outstanding balances for the month of July. One has promised to bring in a check tomorrow.

35 additional gift cards have been activated for E & J Gallo for their upcoming promotion. There was nothing else to report at this time concerning gift cards.

Craig reported that George spoke to several people over at Administrative Services regarding a new van for the Commission. They indicated that they may be able to expedite this, as the longer the wait, the more costly the purchase will be.

Craig referred to an incident in which a shopping cart hit a car at one of the store locations. Because the amount of damage was so small, the Commission paid the bill. It has now come to light that incidences of this kind must go through a Board of Claims for review and settlement. There was brief discussion regarding introducing legislation which would allow an agency to settle claims under \$100.00 without going through the Board.

The Governor and Council approved the Commission's request for \$70,000 to be used for store relocations and renovations. Craig hopes that the Attorney II position will be on the agenda of September 22nd. The new Employee Assistance Program contract, however, does not have to go before Governor and Council.

A number of personnel at headquarters received training this week on the new fire alarm panel and its operation. All devices will be tested on September 21st. Craig plans to request performance of a fire drill some time after this date.

There was discussion regarding the purchase of gift cards on the web. The Commission must now decide whether or not to charge customers for postage and handling. One suggestion was to send the cards out via first class mail, sending those with a value of \$100.00 and over certified mail, return receipt requested. Commission Byrne recommended placing a minimum \$100.00 limit on each gift card order, with the Commission picking up shipping and handling costs. The Commission would then realize around 19% on each sale.

The auditors will be here at headquarters through the end of the week. The Commission has received the unaudited financials for FY05. The FY06 budget is now being reviewed by the auditors. George is currently working on several budget issues with Administrative Services.

2. IT Report

Howard distributed an agency summary of IT projects which was developed for OIT purposes so everyone could see where work in that department stands right now. He offered to give the entire spreadsheet to anyone who was interested.

Howard will give a presentation on web gift card purchases tomorrow at 2:00 p.m. in the downstairs conference room.

There was a conference recently with ACR relative to moving ahead with recent changes to the contract. Howard is working with them to set a delivery date. He anticipates receiving the new version of software in November, and hopes this can be deployed in early to middle spring of next year.

Fiscal Committee approved the OIT assimilation for the rest of the agencies. Yesterday a letter was received from OIT saying that the Commission had moved some monies which shouldn't have been moved. Howard gave a brief explanation of the situation.

Credit card accounts have been activated, and anyone can now pay by credit card via the web. Howard suggested that an announcement be made to the public within two to three weeks. John Byrne asked John Bunnell to work with the N.H. Grocers and N.H. Lodging associations in regards to placing this announcement in their newsletters. It was determined that this could be presented live at the upcoming N.H. Grocers association exposition.

3. Human Resources Report

Evie will draft a recommendation for Commission approval regarding 2004 holiday pay for store employees. Since Christmas falls on a Saturday this year, Friday would be a holiday for all personnel. There was concern and subsequent discussion regarding how deliveries would be made on time and how coverage would be provided to ensure operations went smoothly. Commissioner Byrne felt this merited further discussion. He recommended a management plan be developed designating who would be working on Friday the 24th. Brian Law said he would look into the procedures at Law Warehouse to see what can be done on their side.

Evie thanked the Commission for their assistance regarding the new Employee Assistance Program (EAP) contract. Paula Booth from Employee Assistance will discuss how to proceed with training, and will attend the kick-off at the upcoming Managers' Meeting on October 21st in Manchester. Evie suggested that new managers coming on board receive training within 30 days of hire so they will know what is expected of them and who to contact in certain situations. They would also have the opportunity to meet people they would be in contact with on a daily basis.

New, tighter, reclassification procedures will be presented to the Commission for approval.

A look at the last four months figures of the workman's compensation report shows a declining trend in costs from 2003 of 17.62%. Injuries have not proved as costly as before. An action plan being devised by Liberty Mutual will be presented by Craig and Evie next week. Craig will also attend a hearing for an employee who was injured in 1994.

The number of overdue employee evaluations has decreased to 4 owed from the stores, one from the warehouse and one from Enforcement.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 9/12/04 increased by 1.52% or \$80,701.90. Some sales were lost in Stores #3 and #10 in Manchester, indicating a licensee return to the Bedford store.

Training regarding Spanish wines and Irish spirits was held yesterday and will be again today.

The new Dolphin equipment will be given a trial run at Store #1 and #72 in Concord next week.

Coliseum Avenue construction in Nashua will begin next week. This will widen the street and place a stop light in front of Store #69, which Peter views as a positive move.

The maintenance crew is presently in Swanzey conducting renovations at that store. In addition, Horne Construction out of Rochester has received the bid for construction of the new Keene store.

2. Purchasing Report

Grey Goose, 750ML size, is still presenting an out-of-stock problem. Marketing is working with the broker on alleviating this situation. There were no other significant problems this past week.

3. Merchandising Report

A. SPIRITS:

1) Test Market Results (Cruzan Light Rum, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a specialty listing, to be carried in liquor specialty stores only, for Code #8452, Cruzan Light Rum, 1.75L, as this item exceeded the gross profit required for specialty status after completing an extended test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) November Special Offers:

a. 13 items – M.S. Walker:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon special purchase allowances for thirteen (13) spirit items, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 7 items – Perfecta Wine Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon special purchase allowances for seven (7) spirit items, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 75 items – Executive Wine & Spirits/Martignetti Co. of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon special purchase allowances for seventy-five (75) spirit items, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 122 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for one hundred twenty-two (122) spirit items, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 155 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances for one hundred fifty-five (155) spirit items, to be featured on sale during

November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 72 items (unmatched) – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions, without matching state funds, for seventy-two (72) spirit items, to be featured on sale during November 2004, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Hot Brand Price Increase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve price increases for two Hot Brand spirit items, Code #4261, Captain Morgan Rum, 1.75L size and Code #8159, Jose Cuervo Tequila, 1.75L size, effective with the November 2004 pricing quarter, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) One Time Buy Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a one-time buy request from United Beverages, Inc./Infinite Spirits on Shakers Vodkas in the 200 sampling size (Code #3484, Shakers Wheat, Code #3483, Shakers Rye and Code #3482, Shakers Rose), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Wine Delist & Warnings (37 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve delist and warning notices for thirty-seven (37) wine codes, as recommended by Kathleen Hass, Director of Purchasing and Nicole Brassard, Wine Marketing Specialist, concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Store Tastings Change in Date:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from E & J Gallo Winery for a change in date for in-store tastings to September 30, 2004 for Stores #4 Hooksett, #23 Conway, #34 Salem and #69 Nashua, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Primary Source Submissions (9 primary source; 14 exclusive agent; 20 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of nine (9) wine codes which are from primary source, fourteen (14) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty (20) wine codes, which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for bailment releases/transfers dated September 9 through September 15, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

